

The Odisha Gazette

**EXTRAORDINARY
PUBLISHED BY AUTHORITY**

No. 52 CUTTACK, SATURDAY, JANUARY 5, 2013/PAUSA 15, 1934

ENERGY DEPARTMENT

NOTIFICATION

The 28th December 2012

No. 10331—R&R-48/2012-En.—Odisha Power Transmission Company Ltd. (OPTCL), a transmission licensee is engaged in the business of Intra-State Transmission and wheeling of electricity in the State of Odisha. The present peak demand of the State is around 3,500 MW. The demand by the end of 12th five year plan is estimated to be around 6,300 MW. This requires significant additional Intra-State Transmission network.

In order to meet the requirements of Intra-State Transmission of powers as well as evacuation of power from upcoming generating units, it has become imperative to develop Intra-State Transmission system in the State. As estimated, Rs. 10,000 Crore is required to develop the additional transmission capacity during the 12th plan period.

Considering the present financial as well as organizational capability of O.P.T.C.L., handling such huge projected capital expenditure of Rs. 2,000 Crore per annum as against the present level of execution of Rs. 200 Crore value of projects is not feasible.

The Central and State P.S.Us. like Power Grid Corporation of India Ltd. (PGCIL), Odisha Mining Corporation (OMC), Mahanadi Coalfields Limited (MCL) either having expertise in transmission business or having financial strength have shown interest to become Joint Venture Partner with O.P.T.C.L. for implementing Intra-State transmission projects through J.V. Company, which will bring in technical expertise and easy funding arrangement, etc.

The formation of J.V. Company with Central/State P.S.Us. will help infusion of fund and Techno-Managerial competence leading to overall improvement in technical & managerial skills of State Utilities.

The matter was placed before the Project Approval Committee (PAC) meeting held on 15th December 2012. The Board of Directors of O.P.T.C.L. in its 54th meeting held on 17th December 2012 has also approved the proposal in line with the decisions of the P.A.C. The proposal has been placed before the Government of Odisha.

After careful consideration of the proposal Government have been pleased to approve the followings :

1. Formation of J.V. Company by O.P.T.C.L. with P.G.C.I.L., M.C.L. & O.M.C. in principle.
2. The salient features of the J.V. agreement between O.P.T.C.L. and the J.V. partner will be as follows :
 - (i) Licence : The J.V. Company shall have separate Transmission License to be issued by Odisha Electricity Regulatory Commission (OERC). The J.V. Company shall make available the entire transmission capacity to be created by it to GRIDCO, the State designated agency.
 - (ii) Shareholding pattern : Each Shareholder shall subscribe to 50% of the issued and paid up equity share capital of the J.V. Company.
 - (iii) Liability of Shareholders : The financial liability of the Shareholders shall be limited to any unpaid amount of the issued share capital required to be subscribed by the Shareholders.
 - (iv) Management Structure : The J.V. Company shall be managed by its Board of Directors, which shall be responsible for formulating the policy in all matters and shall also supervise conduct of affairs and operation of Company. The Board of Directors of the J.V. Company shall comprise not more than Ten (10) Directors. Each partner will nominate equal number of Directors.
 - (v) Funding : The J.V. Company shall raise capital and other finances required for the business of the Company.
 - (vi) Profit Distribution : The J.V. Company shall declare dividends out of the net surplus as may be determined by the Board of the Company from time to time in accordance with prudent financial practices and business requirements.
 - (vii) Payment Security Mechanism : GRIDCO shall pay the monthly transmission charges as per provisions of Transmission Service Agreement to be executed between GRIDCO and the J.V. Company. For timely payment of transmission charge, GRIDCO shall open a revolving, irrevocable Letter of Credit in a schedule bank in favor of J.V. Company. Besides, GRIDCO shall also provide Escrow on its revenue bank account.
3. In case of J.V. with P.G.C.I.L., the Chairman and the Managing Director of the J.V. Company shall be appointed on the Board for a tenure of 3 years on rotational basis.
4. In case of J.V. with M.C.L. & O.M.C., position of Chairman shall be Non-executive and shall be appointed on rotation every three years between O.P.T.C.L. & M.C.L. and O.M.C.
5. In case of J.V. Company with M.C.L. & O.M.C. the Managing Director shall always be on full time basis to be recruited from open market.
6. The shareholder agreement and other necessary documents shall be approved by the Administrative Department.
7. The Administrative Department shall assign projects to the J.V. Companies.

By order of the Governor

P. K. JENA

Commissioner-cum-Secretary to Government